

**SECRET**

OGC HAS REVIEWED.

24 August 1951

MEMORANDUM FOR: ADD/Administration - Special  
FROM: Acting General Counsel  
SUBJECT: Covert Income Tax Problems

1. From time to time cases arise in which problems arising out of payment of income tax threaten security or impose penalties on the individual. Typical is a case which arose recently in which an agent

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2. The fault has been largely due to the very natural lack of understanding of the very complex problem of taxes involved in covert operations. Discussions with Training and other offices indicate that it is very difficult to indoctrinate people generally in such intricate technical subjects.

3. I suggest, as a practical move to improve the situation, that a notice or regulation be issued by the covert offices instructing all case officers on the fact that there is a tax problem and that as each case differs, each case should be discussed with the lawyers during the formation of a plan. Suggested wording is set forth in the attached paper.

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Attachment:

Draft of Issuance by  
ADSO & ADPC proposed  
by OGC

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OGC

Distribution: Orig - Addressee  
cc - ADSO  
cc - ADPC

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